EXHIBIT 7

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IT services

Future finance: A CFO vision for creating value through e-business on demand

Today, finance is being pulled in two directions: There's a demand for finance to strengthen its traditional fiduciary role as guardian of the assets and controls; and for finance to become more nimble, efficient and effective in supporting business imperatives.

Up to IT services

Executive strategy report

Industry: Financial markets

Last updated: 20 Oct 2003

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Summary

Most finance organisations are not designed to respond quickly to continuous stimulus from the marketplace -- let alone to help their extended enterprises respond dynamically. Today, finance is being pulled sharply and simultaneously in two directions: Regulators and external stakeholders are demanding that finance strengthen its traditional fiduciary role as guardian of the assets and controls, while internal customers are demanding that finance become more nimble, efficient and effective in supporting business imperatives.

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Analysis

CFOs and other financial leaders in every industry and sector of global business are searching for ways to make their financial organisations more nimble and responsive. Each wants his or her organisation to become a true business partner to the rest of the enterprise, helping it respond quickly and effectively to an ever-expanding array of challenges, from rapid changes in supply and demand and fluctuations in capital markets, to increased regulatory scrutiny and geopolitical risk, to unpredictable events that can change today's business environment. Financial organisations also ultimately must help satisfy both internal and external customers, who increasingly want specific information and services -- when, where and how they choose.

Consider the pressures that a CFO might face today, and how e-business on demand can help, as shown in this scenario:

It was 7:00 p.m. on a Thursday and CFO Graham Fischer felt exhausted. He had just called his wife to let her know he would be late for the third time this week so he could spend several more hours preparing for tomorrow's 8:00 a.m. meeting with the new CEO. The constant pressures of his role as CFO of BiBCo (Big International Bank Corporation) were weighing on him and, despite the best efforts of he and his finance team, it seemed that the future would be even more daunting given the bank's new leadership team, accelerating changes across the industry and looming regulatory imperatives like Basel II, International Accounting Standards (IAS) and Sarbanes-Oxley.

Graham sometimes felt so mired in the minutiae of accounting and systems that he could hardly keep touch with the true priorities around using his team's deep financial expertise and insights to add real value to the bank. With a new CEO on board, Graham was determined to initiate change and was preparing to pitch a bold and visionary new model for how the finance department could transform itself to make clear and valuable contributions to the competitiveness of the business.

BiBCo had used its significant financial resources to grow rapidly through both organic expansion and acquisitions of smaller banks, mutual funds and brokerages. BiBCo was now the second largest bank on the continent, with the ability to offer a full suite of financial products and services to its broad range of personal and business clientele. As CFO, Graham had worked closely with the previous CEO to execute on the bank's aggressive growth strategy and had spent most of his time overseeing key deals and shepherding the subsequent integration efforts. The results were successful, although lately BiBCo was finding its margins being squeezed due to the worldwide economic slowdown. Therefore, Graham's immediate focus was to help the business optimise profitability while minimising business risks.

Graham reflected that BiBCo's rapid expansion had added exponentially to the complexity of managing the business; and finance always seemed to be at the heart of the challenges. While revenue was growing steadily and overall ROI was still solid, the recent margin pressure showed that no one really understood how profitable the sophisticated new products and customers were. Acquired legacy information systems didn't help since they were patched together using quick but suboptimal "fixes." Consequently, reporting processes across the business had slowed considerably. The effort required to close the books and report results seemed to be consuming more and more late nights and, at the same time, Graham was being asked to get closer to the business and quickly understand and eliminate its most unprofitable activities. Furthermore, he felt the weight of a growing awareness that he would be expected to lead all of the bank's industry and government compliance initiatives for Basel II, IAS and Sarbanes-Oxley, all looming in the next 12 to 24 months. Graham knew he had to devise a radically different approach if he were to fulfill his responsibilities effectively and help BiBCo remain competitive.

Graham was preparing himself to tell the new CEO about his vision for finance at BiBCo. It was based on his realisation that the bank could leverage advanced solutions and technologies to achieve the three key priorities he saw for finance's role in the future: 1) effective business

partner, 2) efficient transaction processor and 3) corporate steward. While none of BiBCo's industry competitors had been successful in this endeavor yet, Graham was confident that these new tools could quite literally contribute to the bottom-line profitability of the business because they were dramatically faster, better and cheaper than BiBCo's existing finance infrastructure. In fact, Graham felt he could slash the total cost of finance from nearly two percent to approximately 0.2 percent of revenue. The improved enterprisewide decision support capabilities alone could have a huge impact on understanding profitability and, ultimately, on improving margins. They also could dramatically improve BiBCo's ability to comply with new regulations like Basel II, which could significantly lower the cost of capital -- a major profit driver for the bank.

Graham pondered a workable blueprint for BiBCo's transformative journey to present to the new CEO. With the clock ticking and his eyelids growing heavy, Graham couldn't help wondering what life at the bank would be like in the future, if his efforts were successful.

This white paper explores a new vision, e-business on demand for finance, to help corporate finance departments meet these growing responsibilities and pressures. Developed based on conversations between IBM and CFOs worldwide, this vision holds the potential to radically improve finance's effectiveness and efficiency by helping it to:

- Focus on core competencies and build its unique strengths
- Become highly responsive to change
- Leverage variable cost structures
- Remain resilient in the face of unpredictable business shifts or crises

To learn more about how on demand is empowering finance to respond to marketplace changes and regulatory requirements, download the pdf at the top of this page.

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